FISCAL NOTE

Bill #: **SB0509**

Title: **Revise accommodation tax**

Primary Sponsor: **Lorents Grosfield**

Status: **As introduced**

Sponsor signature Date

Dave Lewis, Budget Director Date

Fiscal Summary

	FY2000 Difference	**FY2001 Difference**
Expenditures:		
State Special Revenue	($3,126,000)	($3,126,000)
Revenue:		
State Special Revenue	($3,126,000)	($3,126,000)
Nonexpendable Trust	467,000	467,000
Net Impact on General Fund Balance:	**$0**	**$0**

Yes	**No**		**Yes**	**No**	
X		Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. Lodging facility use tax collections are estimated to be $10.465 million in FY2000. That amount will remain relatively constant in the biennium.
2. This bill only affects the distribution of the 4% lodging facilities use tax. The bill changes distribution from a fixed percentage to budgeted amounts. The funds and projects may be affected up to the amounts as follows:

State Special Revenue:

- Historical Society	42,000
- U. of M. – Travel research	(11,000)

- State special revenue fund (cont.)	
- Fish, Wildlife & parks – park maintenance	113,000
- Montana Heritage Preservation & Dev.	$374,000
- Cultural and aesthetic projects	327,000
- Department of Commerce – tourism promotion	(3,971,000)
Subtotal	($3,126,000)
- Cultural and Aesthetic projects Trust Fund	467,000
- Local governments and nonprofit tourism bureaus	2,659,000
TOTAL	$0

3. The Department of Commerce (DOC) estimates that the following programs which use the 4% lodging tax would be eliminated: tourism infrastructure grants program, community tourism assessment program, Superhost, visitor centers, Lewis and Clark commission, capital tours, restoration of original Governors mansion, and the International Trade Offices in Taipei, Taiwan and Kumamoto, Japan. In addition, staffing would be reduced and priorities shifted in order to maximize the promotion of the state as a travel destination and film location. Contracted services would be reduced or eliminated for publications, international marketing, advertising, and the call center. The DOC would eliminate 15.00 FTE.
4. All other departments receiving new or expanded state special revenue funds would expend those monies on authorized projects using the operating expense category. Those departments losing funds, except for the DOC, would adjust their operating expenses. By changing the distribution from a fixed percentage to a maximum dollar total, the departments will lose the inflation index of the last decade.

FISCAL IMPACT:

	FY2000 Difference	FY2001 Difference
Department of Commerce:		
FTE	(15.00)	(15.00)
Expenditures:		
Personal Services	($555,000)	($555,000)
Operating Expenses	(2,394,000)	(2,394,000)
Equipment	(25,000)	(25,000)
Grants	(997,000)	(997,000)
TOTAL	($3,971,000)	($3,971,000)
Funding:		
State Special Revenue (02)	($3,971,000)	($3,971,000)
All other state special revenue:		
Expenditures:		
Operating Expenses	$845,000	$845,000

Funding:		
State Special Revenue (02)	$845,000	$845,000
Revenues:		
State Special Revenue (02)	($3,126,000)	($3,126,000)
Nonexpendable Trust (08)	$467,000	$467,000
Net Impact to Fund Balance (Revenue minus Expenditure):		
State Special Revenue (02)	$0	$0
Nonexpendable Trust (08)	467,000	467,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The funding for the six tourism regions and nine convention/visitor bureaus will be reduced by approximately $1 million per year. Funds for local governments will increase by approximately $4 million per year.

TECHNICAL NOTE:
It is unclear how the tax will be distributed without a fixed percentage. It is assumed the authority will be authorized in HB 2.